



March 2, 1999

## SENATE BILL No. 197

DIGEST OF SB 197 (Updated February 26, 1999 11:34 am - DI 44)

**Citations Affected:** IC 4-31; IC 4-33.

**Synopsis:** Alternative racing programs; riverboat admissions tax distributions. Permits a statewide breed association that represents a breed at a pari-mutuel racetrack located in Indiana to apply to the Indiana horse racing commission for approval of an alternative racing program consisting of nonpari-mutuel races. Establishes an alternative racing program fund for each alternative racing program that is approved by the commission. Provides that up to \$600,000 of the riverboat admissions tax revenue that is payable to the commission shall be deposited into each alternative racing program fund during each state fiscal year. Permits the commission to use a portion of the riverboat admissions tax revenue it receives to make grants to a training facility in Johnson County.

**Effective:** July 1, 1999.

**Borst**

January 6, 1999, read first time and referred to Committee on Finance.  
March 1, 1999, amended, reported favorably — Do Pass.

SB 197—LS 6019/DI 44+



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March 2, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

## SENATE BILL No. 197

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-31-1-1 IS AMENDED TO READ AS FOLLOWS
- 2 [EFFECTIVE JULY 1, 1999]: Sec. 1. **Except as provided by**
- 3 **IC 4-31-11.5**, this article does not apply to horse racing meetings at
- 4 which pari-mutuel wagering is not permitted.
- 5 SECTION 2. IC 4-31-11.5 IS ADDED TO THE INDIANA CODE
- 6 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 7 JULY 1, 1999]:
- 8 **Chapter 11.5. Alternative Racing Programs**
- 9 **Sec. 1. A statewide breed association that represents a breed at**
- 10 **a pari-mutuel racetrack located in Indiana may submit an**
- 11 **application to the commission for approval of an alternative racing**
- 12 **program. The commission may approve an application for a**
- 13 **program that meets the following criteria:**
- 14 (1) **The alternative racing program must consist solely of**
- 15 **nonpari-mutuel races conducted at county fairgrounds, the**
- 16 **state fairgrounds, or other racetracks located in Indiana.**
- 17 (2) **An alternative racing program may not be conducted at**

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the same time as a county fair or the state fair.

(3) Purses awarded under the alternative racing program must be for the benefit of Indiana owned, Indiana sired, or Indiana bred horses.

(4) The total purse awarded for an individual race under an alternative racing program may not exceed five thousand dollars (\$5,000).

(5) If the statewide breed association submitting the application is not the largest association in Indiana for that breed, the application must be approved by the largest statewide breed association in Indiana for that breed.

Sec. 2. The commission shall establish a separate alternative racing program fund for each alternative racing program that is approved under section 1 of this chapter. Each alternative racing program fund shall be administered by the commission.

Sec. 3. Each alternative racing program fund consists of amounts distributed to that fund under IC 4-33-12-6(b)(6).

Sec. 4. The treasurer of state shall invest the money in each alternative racing program fund not currently needed to meet obligations of that fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

Sec. 5. An alternative racing program fund does not revert to the state general fund at the end of a state fiscal year and is retained by the commission.

Sec. 6. The commission shall use the alternative racing program funds to provide purses and other funding for alternative racing programs approved by the commission under this chapter.

Sec. 7. A statewide breed association that conducts an alternative racing program under this chapter may request reimbursement from the commission for:

- (1) purses awarded at the alternative racing program;
- (2) expenses incurred by the racetrack at which the alternative racing program was conducted for the usage, maintenance, and upkeep of the racetrack during the alternative racing program; and
- (3) expenses incurred for track officials necessary to conduct the racing program.

Upon approval of the request by the commission, the auditor of state and treasurer of state shall make payments from the appropriate alternative racing program fund to the statewide breed association or to other persons designated to receive



reimbursement by the statewide breed association.

**Sec. 8. The commission shall provide regulatory oversight of each alternative racing program to the extent considered necessary by the commission. The commission may supply personnel for an alternative racing program.**

**Sec. 9. A statewide breed association that conducts an alternative racing program under this chapter may assess a starting fee on each horse in each race to reimburse the breed association for services rendered.**

SECTION 3. IC 4-33-12-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsection (c), the treasurer of state shall quarterly pay the following amounts:

(1) One dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is described in IC 4-33-6-1(a)(1) through IC 4-33-6-1(a)(4) or in IC 4-33-6-1(b); or

(ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) One dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during a quarter shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Ten cents (\$0.10) of the admissions tax collected by the



licensed owner for each person embarking on a riverboat during the quarter shall be paid to the division of mental health. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the Indiana horse racing commission to be distributed as follows ~~in amounts determined by the Indiana horse racing commission~~, for the promotion and operation of horse racing in Indiana:

(A) **During each state fiscal year, the Indiana horse racing commission shall distribute an amount not to exceed six hundred thousand dollars (\$600,000) to each alternative racing program fund established by the commission under IC 4-31-11.5. The distributions required by this clause shall be made before any distributions are made under clause (B).**

(B) **The remainder of the admissions tax paid to the Indiana horse racing commission under this subdivision shall be distributed as follows in amounts determined by the commission:**

(i) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

~~(B)~~ (ii) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this ~~clause item~~ only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(iii) **To a training facility for thoroughbreds and other breeds located in a county having a population of more than eighty-eight thousand (88,000) but less than one hundred thousand (100,000). The commission may make a grant under this item for capital investment, construction, and routine operations of the training facility.**

(c) With respect to tax revenue collected from a riverboat that operates on Patoka Lake, the treasurer of state shall quarterly pay the



following amounts:

(1) The counties described in IC 4-33-1-1(3) shall receive one dollar (\$1) of the admissions tax collected for each person embarking on the riverboat during the quarter. This amount shall be divided equally among the counties described in IC 4-33-1-1(3).

(2) The Patoka Lake development account established under IC 4-33-15 shall receive one dollar (\$1) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(3) The resource conservation and development program that:

(A) is established under 16 U.S.C. 3451 et seq.; and

(B) serves the Patoka Lake area;

shall receive forty cents (\$0.40) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(4) The state general fund shall receive fifty cents (\$0.50) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(5) The division of mental health shall receive ten cents (\$0.10) of the admissions tax collected for each person embarking on the riverboat during the quarter. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(d) Money paid to a unit of local government under subsection (b)(1) through (b)(2) or subsection (c)(1):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum or actual levy under IC 6-1.1-18.5; and

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4.

(e) Money paid by the treasurer of state under subsection (b)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.



1 (f) Money received by the division of mental health under  
2 subsections (b)(5) and (c)(5):  
3 (1) is annually appropriated to the division of mental health;  
4 (2) shall be distributed to the division of mental health at times  
5 during each state fiscal year determined by the budget agency;  
6 and  
7 (3) shall be used by the division of mental health for programs  
8 and facilities for the prevention and treatment of addictions to  
9 drugs, alcohol, and compulsive gambling, including the creation  
10 and maintenance of a toll free telephone line to provide the public  
11 with information about these addictions. The division shall  
12 allocate at least twenty-five percent (25%) of the money received  
13 to the prevention and treatment of compulsive gambling.

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 197, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-31-1-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. **Except as provided by IC 4-31-11.5**, this article does not apply to horse racing meetings at which pari-mutuel wagering is not permitted.

SECTION 2. IC 4-31-11.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

**Chapter 11.5. Alternative Racing Programs**

**Sec. 1. A statewide breed association that represents a breed at a pari-mutuel racetrack located in Indiana may submit an application to the commission for approval of an alternative racing program. The commission may approve an application for a program that meets the following criteria:**

- (1) The alternative racing program must consist solely of nonpari-mutuel races conducted at county fairgrounds, the state fairgrounds, or other racetracks located in Indiana.
- (2) An alternative racing program may not be conducted at the same time as a county fair or the state fair.
- (3) Purses awarded under the alternative racing program must be for the benefit of Indiana owned, Indiana sired, or Indiana bred horses.
- (4) The total purse awarded for an individual race under an alternative racing program may not exceed five thousand dollars (\$5,000).
- (5) If the statewide breed association submitting the application is not the largest association in Indiana for that breed, the application must be approved by the largest statewide breed association in Indiana for that breed.

**Sec. 2. The commission shall establish a separate alternative racing program fund for each alternative racing program that is approved under section 1 of this chapter. Each alternative racing program fund shall be administered by the commission.**

**Sec. 3. Each alternative racing program fund consists of amounts distributed to that fund under IC 4-33-12-6(b)(6).**

**Sec. 4. The treasurer of state shall invest the money in each**



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alternative racing program fund not currently needed to meet obligations of that fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund.

**Sec. 5.** An alternative racing program fund does not revert to the state general fund at the end of a state fiscal year and is retained by the commission.

**Sec. 6.** The commission shall use the alternative racing program funds to provide purses and other funding for alternative racing programs approved by the commission under this chapter.

**Sec. 7.** A statewide breed association that conducts an alternative racing program under this chapter may request reimbursement from the commission for:

- (1) purses awarded at the alternative racing program;
- (2) expenses incurred by the racetrack at which the alternative racing program was conducted for the usage, maintenance, and upkeep of the racetrack during the alternative racing program; and
- (3) expenses incurred for track officials necessary to conduct the racing program.

Upon approval of the request by the commission, the auditor of state and treasurer of state shall make payments from the appropriate alternative racing program fund to the statewide breed association or to other persons designated to receive reimbursement by the statewide breed association.

**Sec. 8.** The commission shall provide regulatory oversight of each alternative racing program to the extent considered necessary by the commission. The commission may supply personnel for an alternative racing program.

**Sec. 9.** A statewide breed association that conducts an alternative racing program under this chapter may assess a starting fee on each horse in each race to reimburse the breed association for services rendered."

Page 2, delete lines 28 through 42, begin a new line double block indented and insert the following:

"(A) During each state fiscal year, the Indiana horse racing commission shall distribute an amount not to exceed six hundred thousand dollars (\$600,000) to each alternative racing program fund established by the commission under IC 4-31-11.5. The distributions required by this clause shall be made before any distributions are made under clause (B).



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**(B) The remainder of the admissions tax paid to the Indiana horse racing commission under this subdivision shall be distributed as follows in amounts determined by the commission:**

(i) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

~~(B)~~ (ii) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this ~~clause~~ **item** only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(iii) **To a training facility for thoroughbreds and other breeds located in a county having a population of more than eighty-eight thousand (88,000) but less than one hundred thousand (100,000). The commission may make a grant under this item for capital investment, construction, and routine operations of the training facility."**

Page 3, delete lines 1 through 4.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 197 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 15, Nays 0.

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